

Audit and Risk Committee Charter

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1. Purpose

The Audit and Risk Committee is an independent advisory Committee that assists Council with its good governance and accountability obligations. The primary purpose of the Committee is to assist Council in the effective discharge of its responsibilities under the *Local Government Act 2020* by providing oversight, advice and guidance on Council's frameworks, policies, systems and controls relating to:

- legislative compliance and good governance
- financial and performance reporting
- risk management, fraud prevention and internal controls
- internal and external audit.

It provides oversight to aid with the organisation's ethical development and advises on best practice.

2. Mandate and Authority

The Audit and Risk Committee is formally appointed by the Council established under section 53(1) of the *Local Government Act 2020*. The Committee is advisory in nature only and does not have any delegated powers or management functions, or the ability to implement actions in areas over which management has responsibility. It is therefore independent of management.

The Committee's role is to provide advice and recommendations to Council on matters relevant to its Charter to facilitate effective decision making in the discharge of Council's responsibilities. In performing this role it may:

- Obtain any information it requires from management or an external party (subject to any legal obligation to protect information)
- Obtain expert advice on matters of concern through the Chief Executive Officer and following authorization from Council
- Discuss any matters with the Victorian Auditor General's Office (VAGO) or other external parties, subject to confidentiality considerations
- Use its discretion to meet in camera with internal and external auditors
- Request the Chief Executive Officer to obtain legal or other professional advice.

3. Membership

The Audit and Risk Committee will comprise a minimum of three members – one Councillor and two external independent persons. Committees with a membership greater than three must include a majority of external independent persons. All members shall have full voting rights.

In line with the requirements of the *Local Government Act 2020*, external independent persons will collectively have expertise in financial management, risk and public sector management.

Vacant Committee positions are advertised externally. Potential members are evaluated by the Mayor and the Chief Executive Officer taking into account their experience and their ability to apply appropriate analytical and strategic thinking skills. Recommended candidates are put forward to Council for approval.

Appointments are to be for a maximum term of four years and should be arranged to ensure an orderly rotation and continuity of membership, while ensuring that at least one external person has at least two years' experience on the Committee at any given time (where possible). The term of one committee member may be extended by an additional one year if there are circumstances which place the continuity of the Committee at risk.

If the Council proposes to remove a member of the Committee, it must give written notice to the member of its intention to do so and provide that member with the opportunity to be heard at a Council meeting which is open to the public, if that member so requests.

An independent member may resign before the expiry of their term by notifying Council of their intention in writing.

Remuneration will be paid to each independent member of the Committee. Quarterly fees will be paid in arrears at a set percentage of the current Councillor allowance, to be determined by Council resolution and reviewed annually. The Chairperson will be paid an additional 20% of Committee member fees to compensate their additional responsibilities within the Committee.

The Chairperson shall be appointed from the external members of the Committee by the Audit and Risk Committee subject to Council's approval for a term of one or two years.

4. Meetings

The Committee shall meet at least quarterly. A schedule of meetings will be developed and agreed to by the members and shall coincide with relevant Council reporting deadlines where appropriate, for example in line with external auditor visits and financial reporting timelines. Additional meetings may be convened at the discretion of the Chairperson or at the written request of any member of the Committee, internal or external auditor.

The agenda for meetings shall be guided by the Committee's Annual Work Plan.

A quorum shall be two for a Committee with the minimum membership of three. For Committees with a membership greater than three, a quorum will be a majority of the Committee membership comprising at least equal representation of internal and external independent members.

In the absence of the appointed Chairperson from a meeting, the meeting will appoint an acting Chairperson from the external members present.

Relevant officers are to attend meetings to provide relevant updates. Specific officers may be requested to attend by the Committee to advise and provide information when required. The Chief Executive Officer, internal and external auditors may also attend meetings as relevant.

Council shall provide secretarial and administrative support to the Committee.

5. Conflicts of Interest

Committee deliberations must be transparent and accountable to maintain the integrity of the Committee and Council. In accordance with Division 2 of Part 6 of the *Local Government Act 2020*, Committee members must disclose conflicts of interest in the manner required by Council's Governance Rules.

6. Misuse of Position

In accordance with section 123 of the *Local Government Act 2020*, Committee members must not misuse their position to gain or attempt to gain, directly or indirectly, an advantage for themselves or any other person, or attempt to cause detriment to Council or another person.

7. Confidentiality

In accordance with section 53 and 125 of the *Local Government Act 2020*, Committee members must not intentionally or recklessly disclose information that they know, or should reasonably know, is confidential information.

8. Reporting

The Audit and Risk Committee shall after every meeting forward the minutes of that meeting to the next ordinary meeting of the Council, including a report explaining any specific recommendations and key outcomes.

9. Duties and Responsibilities

The Audit and Risk Committee will carry out the following responsibilities:

Compliance

- Review systems, policies and processes for legislative compliance and effective implementation.
- Review any instances of non-compliance and the adequacy of management actions to remediate them.
- Maintain an awareness of any examinations by regulatory agencies and monitor management's response to these findings.

Financial and Performance Reporting

- Review significant accounting practices and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.
- Note the external auditor's proposed audit scope and approach.

- Review with management and the external auditors the results of the audit, including any difficulties encountered and any other matters required to be communicated under the Australasian Auditing Standards.
- Review the annual financial report and consider whether it is complete, consistent with information known to Audit and Risk Committee members, and reflects appropriate accounting principles.

Risk Management

- Monitor and advise on Council's risk framework and profile.
- Review significant strategic and operational risk exposures.
- Ensure that material risks are appropriately controlled.
- Maintain an awareness of changes in the external environment which may pose risk to Council's operations.
- Monitor and provide advice on Council's fraud and corruption prevention systems and controls.
- Monitor business continuity plans and practices.
- Monitor significant incident responses within Council to ensure risks are being controlled.

Internal Control and Internal Audit

- Provide oversight of the internal audit function.
- Review the annual internal audit plan, ensuring that it is prioritised for material risks.
- Review the scope of internal audits and ensure that they are carried out independently.
- Obtain reports on internal audit findings and review management's responses.
- Request to meet with internal auditors to discuss any matters with Council officers in attendance or in camera as relevant.

Committee Planning and Self Assessment

- Annually review and recommend the Audit and Risk Committee Charter.
- Prepare and execute an annual Work Plan to support discharge of this Charter.
Undertake an annual self-assessment to evaluate Committee performance and areas for improvement.

Other Responsibilities

Perform any other activities related to the mandate of the Audit and Risk Committee as requested by the Council or determined by the Committee.

Authorised by:



Andrew Whitehead
Mayor



Lisa Forsyth
Chairperson